

REPEAL OF PROVISION LIMITING CROP INSURANCE TO
COUNTIES HAVING A CERTAIN NUMBER OF APPLICA-
TIONS THEREFOR

JULY 15, 1959.—Ordered to be printed

Mr. JORDAN, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany H.R. 306]

The Committee on Agriculture and Forestry, to whom was referred the bill (H.R. 306) to amend the Federal Crop Insurance Act, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would repeal a provision prohibiting Federal crop insurance in a county unless 200 farms or one-third of the farms normally producing the commodity apply for such insurance. The Department recommends enactment because (1) the existing prohibition has prevented expansion or continuance of the program where it would have been to the best interest of farmers and the Corporation and (2) the existing prohibition is uneconomical, on occasion preventing expansion or continuation of the program in a county after considerable funds have been expended by the Corporation.

The report of the House Committee on Agriculture further explaining the bill is attached.

[H. Rept. 210, 86th Cong., 1st sess.]

The Committee on Agriculture, to whom was referred the bill, (H.R. 306) to amend the Federal Crop Insurance Act, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Page 1, line 5, strike out "tenth" and insert "eleventh".

PURPOSE

The purpose of this bill is to provide more administrative flexibility in determining the counties in which crop insurance will be made available by the Crop Insurance Corporation.

NEED FOR THE LEGISLATION

The present provisions of the crop-insurance law provide that insurance with respect to any crop shall not be provided in any county, "unless written applications therefor are filed covering at least 200 farms or one-third of the farms normally producing the agricultural commodity." While this arbitrary limitation was valuable during the earlier years of the present crop-insurance program, it has now outlived its usefulness and has placed the program within rigid limitations which are proving undesirable. The amendment made by this bill simply removes from the act the arbitrary limitation of 200 producers or one-third of the farms normally producing the commodity, and leaves to the discretion of the Crop Insurance Board the determination as to when there is sufficient demand for crop insurance in a county to warrant the program being established there.

COST

There would be no additional cost as a result of this legislation and its enactment might, in fact, result in some administrative savings, since the Corporation will not be placed in the position of conducting a preliminary insurance program only to find that its time and effort have been wasted because a few farmers less than the required 200 have signed up for the insurance.

DEPARTMENTAL APPROVAL

The bill reported herewith is identical with a bill (H.R. 13262) which was favorably reported by this committee in the 85th Congress and passed the House on August 23, 1958. It was not acted upon in the Senate. The following report from the Department of Agriculture, recommending enactment of the legislation, was submitted in connection with H.R. 13262.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 29, 1958.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your request of July 7, 1958, for a report on H.R. 13262, a bill to amend the Federal Crop Insurance Act to eliminate the requirement that "insurance shall not be provided in any county unless written applications therefor are filed covering

at least 200 farms or one-third of the farms normally producing the agricultural commodity, excluding farms refused insurance on the basis of the risk involved."

The Department recommends that the bill be passed.

Our reasons for recommending passage of the bill are as follows:

1. It has been the Federal Crop Insurance Corporation's experience that this requirement in the act has prevented the expansion to, or the continuance of the crop insurance program in counties where it would have been to the best interest of both the Corporation and the farmers to have had crop-insurance protection available in the county.

2. The existence of this requirement has also proved to be uneconomical from an administration standpoint. Occasionally, considerable funds have been expended in the compilation of coverages and rates and the conduct of a sales program, and then the county would fail to qualify by only a few applications. In these instances, funds and efforts expended in such counties are wasted.

3. Enactment of the bill into legislation would provide the Corporation with needed flexibility in its operations, better service to farmers, and more economical administration.

It should be noted that the sentence in the Federal Crop Insurance Act intended to be amended is the 11th sentence of section 508(a) rather than the 10th sentence of such section, as stated in the bill.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

MARVIN L. McLAIN, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

FEDERAL CROP INSURANCE ACT, AS AMENDED

CROP INSURANCE

SEC. 508. To carry out the purposes of this title the Corporation is authorized and empowered—

(a) Commencing with crops planted for harvest in 1948, for the purpose of determining the most practical plan, terms, and conditions of insurance for agricultural commodities, if sufficient actuarial data are available, as determined by the Board, to insure, or to reinsure insurers of, producers of such agricultural commodities under any plan or plans of insurance determined by the Board to be adapted to any such commodity. Such insurance shall be against loss of the insured commodity due to unavoidable causes, including drought, flood, hail, wind, frost, winterkill, lightning, fire, excessive

rain, snow, wildlife, hurricane, tornado, insect infestation, plant disease, and such other unavoidable causes as may be determined by the Board: *Provided*, That, except in the case of tobacco, such insurance shall not extend beyond the period the insured commodity is in the field. In 1948 insurance shall be limited to not more than seven agricultural commodities (including wheat, cotton, flax, corn, and tobacco) and to not more than three additional agricultural commodities in each year thereafter: *Provided*, That other agricultural commodities may be included in multiple crop insurance (insurance on two or more agricultural commodities under one contract with a producer). Beginning with crops planted for harvest in 1954, crop insurance may be offered each year in not to exceed 100 counties in addition to the number of counties in which such insurance was offered in the preceding year. In determining the new counties in which such insurance is to be offered and the commodities to be insured, the Corporation shall take into consideration the demand of farmers for such insurance, the extent to which such insurance is available to commercial producers of insured commodities, and the anticipated risk of loss to the Corporation. Reinsurance for private insurance companies shall be limited to not to exceed twenty counties which may be selected without regard to the other county limitations specified herein. Any insurance offered against loss in yield shall not cover in excess of 75 per centum of the recorded or appraised average yield of the commodity on the insured farm for a representative period subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just: *Provided*, That if 75 per centum of the average yield represents generally more protection than the investment in the crop in any area, taking into consideration recognized farming practices, the Board shall reduce such maximum percentage so as more nearly to reflect the investment in the crop in such area. Insurance provided under this subsection shall not cover losses due to the neglect or malfeasance of the producer, or to the failure of the producer to reseed to the same crop in areas and under circumstances where it is customary to so reseed, or to the failure of the producer to follow established good farming practices. Counties selected by the Board shall be representative of the several areas where the agricultural commodity insured is normally produced. The Board may limit or refuse insurance in any county or area, or on any farm, on the basis of the insurance risk involved. Insurance shall not be provided [in any county unless written applications therefor are filed covering at least two hundred farms or one-third of the farms normally producing the agricultural commodity, excluding farms refused insurance on the basis of the risk involved; nor shall insurance] on any agricultural commodity [be provided] in any county in which the Board determines that the income from such commodity constitutes an unimportant part of the total agricultural income of the county,

except that insurance may be provided for producers on farms situated in a local producing area bordering on a county with a crop-insurance program. The Corporation shall report annually to the Congress the results of its operations as to each commodity insured.

(b) To fix adequate premiums for insurance in the agricultural commodity or in cash, at such rates as the Board deems sufficient to cover claims for crop losses on such insurance and to establish as expeditiously as possible a reasonable reserve against unforeseen losses: *Provided*, That such premiums may be established on the basis of the parity or comparable price for the commodity as determined and published by the Secretary of Agriculture, or on the basis of an average market price designated by the Board. Such premiums shall be collected at such time or times, or shall be secured in such manner, as the Board may determine.

(c) To adjust and pay claims for losses in the agricultural commodity or in cash, under rules prescribed by the Board: *Provided*, That indemnities may be determined on the same price basis as premiums are determined for the crop with respect to which such indemnities are paid. The Corporation shall provide for the posting annually in each county at the county courthouse of a list of indemnities paid for losses on farms in such county. In the event that any claim for indemnity under the provisions of this title is denied by the Corporation, an action on such claim may be brought against the Corporation in the United States district court, or in any court of record of the State having general jurisdiction, sitting in the district or county in which the insured farm is located, and jurisdiction is hereby conferred upon such district courts to determine such controversies without regard to the amount in controversy: *Provided*, That no suit on such claim shall be allowed under this section unless the same shall have been brought within one year after the date when notice of denial of the claim is mailed to and received by the claimant.

(d) From time to time, in such manner and through such agencies as the Board may determine, to purchase, handle, store, insure, provide storage facilities for, and sell the agricultural commodity, and pay any expenses incidental thereto, it being the intent of this provision, however, that, insofar as practicable, the Corporation shall purchase the agricultural commodity only at the rate and to a total amount equal to the payment of premiums in cash by farmers or to replace promptly the agricultural commodity sold to prevent deterioration; and shall sell the agricultural commodity only to the extent necessary to cover payments of indemnities and to prevent deterioration: *Provided, however*, That nothing in this section shall prevent prompt offset purchases and sales of the agricultural commodity for convenience in handling. Nothing in this section shall prevent the Corporation from accepting, for the payment of premiums, notes payable in the commodity insured, or the cash equivalent, upon such security as may be determined pursuant to sub-

section (b) of this section, and from purchasing the quantity of the commodity represented by any of such notes not paid at maturity. The restriction on the purchase and sale of the agricultural commodity provided in this section shall be made a part of any crop insurance agreement made under this title. Notwithstanding any provision of this title, there shall be no limitation upon the legal or equitable remedies available to the insured to enforce against the Corporation the foregoing restriction with respect to purchases and sales of the agricultural commodity.

(e) In connection with insurance upon yields of cotton, to include provision for additional premiums and indemnity in terms of lint cotton to cover loss of cottonseed, such additional premium and indemnity to be determined on the basis of the average relationship between returns from cottonseed and returns from lint cotton for the same period of years as that used for computing yields and premium rates.

